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Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

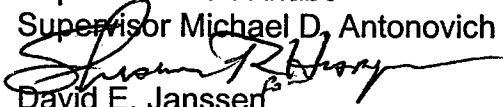
YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

April 4, 2007

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich
From: 
David E. Janssen
Chief Administrative Officer

SACRAMENTO UPDATE

Pursuit of County Position on Legislation

As reported in our February 22, 2007 Sacramento Update, the Governor's January Budget proposed an increase of \$187.8 million for the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) Program in FY 2007-08 to fund additional program costs and cover unpaid county claims. The EPSDT Program is a Federally mandated program that requires states to provide a broad range of mental health services to Medi-Cal beneficiaries under age 21. The Budget plan also contained a request for an additional \$303 million, above the 2006-07 Budget Act, to address current and prior year deficiencies attributed to misestimating of EPSDT claims and different accounting methodologies employed by the State Departments of Mental Health (SDMH) and Health Services.

In its Analysis of the 2007-08 Budget Bill report, the Legislative Analyst's Office (LAO) withheld recommendation on the funding requested for the current and the budget year until SDMH presented a revised EPSDT estimate methodology. In addition, the LAO recommended that the Legislature require the Office of State Audits and Evaluations to report during budget hearings on their review of the Department's estimating methodology and related administrative practices.

On March 12, 2007, Senate Budget Subcommittee No. 3 on Health and Human Services held a hearing to address a variety of mental health issues, including the Governor's EPSDT proposal. After a lengthy and spirited discussion of the seriousness of this issue, subcommittee members expressed their frustration and raised numerous concerns to the Administration regarding the accounting errors and other contributing factors that created such a large deficiency. The Subcommittee voted 3 to 0 to direct SDMH to develop a work plan to address the accounting problems and the deficiency request, and report back to the Subcommittee at its April 30, 2007 hearing.

As a result of the SDMH's estimating methodology, reimbursement delays, and other issues that created the need to submit a \$303 million deficiency request to the Legislature, counties have not been reimbursed for services provided. The County is owed an estimated \$170 million for prior year claims, and it is anticipated that this amount will be significantly higher once the FY 2006-07 books are closed. It is important to note that the amount owed to the County is for services which have already been provided and paid for out of the County General Fund. A memo detailing the status of County EPSDT claims and potential impact is forthcoming under separate cover.

Therefore, consistent with Board-approved policy to support full and timely funding of Federally-mandated mental health services, **our Sacramento advocates will support the Governor's Budget proposal for increased funding in the budget year and the deficiency request to fund current and prior year unpaid county claims.** On April 2, 2007, the California Mental Health Director's Association (CMHDA) and the California State Association of Counties (CSAC) took a support position on this issue. My staff will continue to work closely with the County Department of Mental Health (DMH), CMHDA, CSAC, and other organizations on this issue.

Assembly Budget Subcommittee No. 1 on Health and Human Services is scheduled to meet on April 9, 2007 to address a variety of mental health budget issues, including the EPSDT Program. Our Sacramento advocates and DMH staff will testify at the hearing to urge the Subcommittee to approve the Governor's proposal.

We will continue to keep you advised.

DEJ:GK
MAL:MR:hg

c: All Department Heads
Legislative Strategist
Local 660
Coalition of County Unions
California Contract Cities Association
Independent Cities Association